

Unaudited Financial Statement and Dividend Announcement for the financial period ended 31 March 2015

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PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1,Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) **An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

1(a)(i) **Income Statement**

	3rd Qtr ended 31 Mar 2015	3rd Qtr ended 31 Mar 2014	Increase/ (Decrease)	9 months ended 31 Mar 2015	9 months ended 31 Mar 2014	Increase/ (Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	1,901	2,971	(36.0)	6,413	11,325	(43.4)
Cost of sales	(1,371)	(2,158)	(36.5)	(4,376)	(6,775)	(35.4)
Gross profit	<u>530</u>	<u>813</u>	(34.8)	<u>2,037</u>	<u>4,550</u>	(55.2)
Other income	616	910	(32.3)	1,880	3,354	(43.9)
Distribution expenses	(435)	(850)	(48.8)	(2,011)	(3,014)	(33.3)
Administrative expenses	(1,939)	(1,822)	6.4	(5,803)	(5,679)	2.2
Other expenses	(357)	(40)	N.M.	(438)	(71)	N.M.
Results from operating activities	<u>(1,585)</u>	<u>(989)</u>	60.3	<u>(4,335)</u>	<u>(860)</u>	N.M.
Finance costs	(226)	(260)	(13.1)	(689)	(702)	(1.9)
Share of results of joint ventures	(78)	-	N.M.	(273)	-	N.M.
Gain on disposal of a joint venture	-	-	N.M.	25	-	N.M.
Loss before income tax	<u>(1,889)</u>	<u>(1,249)</u>	51.2	<u>(5,272)</u>	<u>(1,562)</u>	N.M.
Income tax (expense)/credit	(106)	60	N.M.	13	192	(93.2)
Loss for the period	<u>(1,995)</u>	<u>(1,189)</u>	67.8	<u>(5,259)</u>	<u>(1,370)</u>	N.M.
Attributable to:						
Owners of the Company	(1,880)	(1,195)	57.3	(5,033)	(1,622)	N.M.
Non-controlling interests	(115)	6	N.M.	(226)	252	N.M.
	<u>(1,995)</u>	<u>(1,189)</u>	67.8	<u>(5,259)</u>	<u>(1,370)</u>	N.M.

N.M. - not meaningful.

Unaudited Financial Statement and Dividend Announcement for the financial period ended 31 March 2015
Statement of Comprehensive Income

	3rd Qtr ended 31 Mar 2015 \$'000	3rd Qtr ended 31 Mar 2014 \$'000	Increase/ (Decrease) %	9 months ended 31 Mar 2015 \$'000	9 months ended 31 Mar 2014 \$'000	Increase/ (Decrease) %
Loss for the period	(1,995)	(1,189)	67.8	(5,259)	(1,370)	N.M.
Other comprehensive income:						
Foreign currency translation differences from foreign subsidiaries	353	(19)	N.M.	723	(103)	N.M.
Realisation of foreign currency translation on disposal of subsidiaries	-	-	N.M.	-	165	N.M.
Other comprehensive income for the period	353	(19)	N.M.	723	62	N.M.
Total comprehensive income for the period	(1,642)	(1,208)	35.9	(4,536)	(1,308)	N.M.
Attributable to:						
Owners of the Company	(1,607)	(1,217)	32.0	(4,393)	(1,540)	N.M.
Non-controlling interests	(35)	9	N.M.	(143)	232	N.M.
	(1,642)	(1,208)	35.9	(4,536)	(1,308)	N.M.

1(a)(ii) Loss for the period is stated after charging/(crediting) the following:

	3rd Qtr ended 31 Mar 2015 \$'000	3rd Qtr ended 31 Mar 2014 \$'000	9 months ended 31 Mar 2015 \$'000	9 months ended 31 Mar 2014 \$'000
Interest expenses	226	260	689	702
Interest income	(20)	(20)	(99)	(228)
Depreciation of property, plant and equipment	40	50	122	151
Amortisation of intangible assets	351	384	1,075	1,152
Utilisation of prepayment for rights on use of plant and machinery	29	29	87	87
Gain on disposal of a joint venture	-	-	(25)	-
Gain on disposal of subsidiaries (net)	-	-	-	(826)
Gain on disposal of assets classified as held for sale	-	-	-	(65)
Gain on disposal of property, plant and equipment	(11)	(31)	(16)	(36)
Impairment loss on trade and other receivables	-	-	-	1
Provision for warranty expense	77	120	257	438
Currency exchange loss/(gain) - net	332	(18)	687	(180)
Income tax expense/(credit)	106	(60)	(13)	(192)

N.M. - not meaningful.

Unaudited Financial Statement and Dividend Announcement for the financial period ended 31 March 2015

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position

	Group		Company	
	31 Mar 2015	30 Jun 2014	31 Mar 2015	30 Jun 2014
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Financial assets, available-for-sale	2,222	2,222	2,222	2,222
Property, plant and equipment	326	439	162	222
Intangible assets	15,097	16,173	-	-
Subsidiaries	-	-	23,671	23,671
Associates	39	13	13	13
Joint ventures	-	219	280	251
Trade receivables	778	1,150	-	-
Other non-current assets	11,433	11,664	16,260	15,923
	<u>29,895</u>	<u>31,880</u>	<u>42,608</u>	<u>42,302</u>
Current assets				
Inventories	2,090	1,020	-	-
Trade and other receivables	7,021	7,016	333	132
Other current assets	2,073	1,984	264	421
Cash and bank balances	6,887	8,265	5,327	6,861
	<u>18,071</u>	<u>18,285</u>	<u>5,924</u>	<u>7,414</u>
Total assets	<u>47,966</u>	<u>50,165</u>	<u>48,532</u>	<u>49,716</u>
Equity attributable to owners of the Company				
Share capital	154,474	153,074	154,474	153,074
Reserves	1,328	688	180	180
Accumulated losses	(120,180)	(115,147)	(108,360)	(107,211)
	<u>35,622</u>	<u>38,615</u>	<u>46,294</u>	<u>46,043</u>
Non-controlling interests	(8,999)	(8,856)	-	-
Total equity	<u>26,623</u>	<u>29,759</u>	<u>46,294</u>	<u>46,043</u>
Non-current liabilities				
Other payables	-	-	-	332
Accruals	1,021	758	-	-
Financial liabilities	7,600	8,037	134	184
Derivative instrument	50	50	-	-
Deferred tax liabilities	2,995	3,008	-	-
	<u>11,666</u>	<u>11,853</u>	<u>134</u>	<u>516</u>
Current liabilities				
Trade and other payables	6,622	5,407	1,677	2,684
Accruals	2,109	2,148	347	395
Financial liabilities	722	695	66	64
Current tax payable	2	2	2	2
Provision for other liabilities and charges	222	301	12	12
	<u>9,677</u>	<u>8,553</u>	<u>2,104</u>	<u>3,157</u>
Total liabilities	<u>21,343</u>	<u>20,406</u>	<u>2,238</u>	<u>3,673</u>
Total equity and liabilities	<u>47,966</u>	<u>50,165</u>	<u>48,532</u>	<u>49,716</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities
Amount repayable in one year or less, or on demand

31 March 2015 (\$'000)		30 June 2014 (\$'000)	
Secured	Unsecured	Secured	Unsecured
265	457	238	457

Amount repayable after one year

31 March 2015 (\$'000)		30 June 2014 (\$'000)	
Secured	Unsecured	Secured	Unsecured
6,877	723	6,972	1,065

Details of collateral

As at the date of the statement of financial position, total borrowings included secured liabilities of \$7,142,000 (30 June 2014: \$7,210,000) for the Group. Secured loans amounting to \$342,000 (30 June 2014: \$466,000) are secured by security charges which provide for fixed charge on certain assets of a subsidiary and corporate guarantees given by the Company. Other finance lease liabilities of the Group amounting to \$220,000 (30 June 2014: \$275,000) are secured by the rights to leased motor vehicles.

On 2 April 2012, the Company entered into a convertible loan agreement with Disa Digital Safety Pte Ltd ("Disa") and Sculptor Investors pursuant to which, the Sculptor Investors agreed to grant to Disa an initial loan of an aggregate principal amount of \$7,000,000 ("1st Tranche"), and a further option for a loan of an aggregate principal amount of \$7,000,000 ("2nd Tranche"), both of which are convertible either into the Company's ordinary shares ("Shares"), or new ordinary shares in the capital of Disa in the event of a trade sale or an initial public offering of Disa at the discretion of the Sculptor Investors. The Sculptor Investors may at any time after three years from the completion date of the 1st Tranche, require Disa to repay the Sculptor Investors' contributions to the 1st Tranche and 2nd Tranche (if applicable) including any outstanding interest. In the event that any balance on the 1st Tranche and 2nd Tranche (if applicable) is not converted into the Company's shares or Disa's shares within 5 years from the completion dates of the 1st Tranche and 2nd Tranche respectively, all outstanding balance including any outstanding interest is to be repaid in cash to the Sculptor Investors. The convertible loan bears interest at 5% per annum, repayable at the end of 5 years and is secured by the Company's corporate guarantee.

The remaining unsecured, interest bearing loan of \$1,180,000 (30 June 2014: \$1,522,000) is repayable over 48 equal instalments commencing from 1 November 2013.

Unaudited Financial Statement and Dividend Announcement for the financial period ended 31 March 2015

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(c)(i) **Consolidated Statement of Cash Flows**

	3rd Qtr ended 31 Mar 2015 \$'000	3rd Qtr ended 31 Mar 2014 \$'000	9 months ended 31 Mar 2015 \$'000	9 months ended 31 Mar 2014 \$'000
Cash flows from operating activities				
Loss for the period	(1,995)	(1,189)	(5,259)	(1,370)
Adjustments for:				
- Income tax expense/(credit)	106	(60)	(13)	(192)
- Interest expenses	226	260	689	702
- Interest income	(20)	(20)	(99)	(228)
- Depreciation of property, plant and equipment	40	50	122	151
- Amortisation of intangible assets	351	384	1,075	1,152
- Utilisation of prepayment for rights on use of plant and machinery	29	29	87	87
- Gain on disposal of a joint venture	-	-	(25)	-
- Gain on disposal of subsidiaries (net) (Note B)	-	-	-	(826)
- Gain on disposal of assets classified as held for sale	-	-	-	(65)
- Gain on disposal of property, plant and equipment	(11)	(31)	(16)	(36)
- Impairment loss on trade and other receivables	-	-	-	1
- Provision for warranty expense	77	120	257	438
- Share of results of joint ventures	78	-	273	-
Operating loss before working capital changes	<u>(1,119)</u>	<u>(457)</u>	<u>(2,909)</u>	<u>(186)</u>
Changes in working capital:				
- Inventories	22	(340)	(1,070)	1,020
- Trade and other receivables	(30)	487	421	83
- Other current assets	190	(257)	17	(103)
- Trade and other payables	497	275	1,545	(871)
- Provision for other liabilities and charges	(96)	(153)	(272)	(489)
- Exchange differences arising from consolidation	(79)	(17)	202	(111)
Cash used in operations	<u>(615)</u>	<u>(462)</u>	<u>(2,066)</u>	<u>(657)</u>
Income tax paid	-	-	-	13
Net cash used in operating activities	<u>(615)</u>	<u>(462)</u>	<u>(2,066)</u>	<u>(644)</u>

Unaudited Financial Statement and Dividend Announcement for the financial period ended 31 March 2015
1(c)(i) Consolidated Statement of Cash Flows (continue)

	3rd Qtr ended 31 Mar 2015 \$'000	3rd Qtr ended 31 Mar 2014 \$'000	9 months ended 31 Mar 2015 \$'000	9 months ended 31 Mar 2014 \$'000
Cash flows from investing activities				
Interest received	1	4	74	212
Purchase of property, plant and equipment	-	(11)	(4)	(42)
Investment in joint ventures	-	-	(229)	-
Proceeds from sale of property, plant and equipment	11	31	17	67
Proceeds from sale of assets classified as held for sale	-	-	-	883
Proceeds from sale of a joint venture	-	-	200	-
Disposal of subsidiaries, net of cash disposed (Note B)	-	-	-	*
Net cash from investing activities	12	24	58	1,120
Cash flows from financing activities				
Interest paid	(93)	(137)	(284)	(311)
Net proceeds from issuance of ordinary shares	1,400	-	1,400	-
Prepaid capital contributions received from undertaking shareholders (Note C)	-	1,365	-	1,365
Repayment of finance lease	(19)	(9)	(55)	(25)
Repayment of loan to a third party	(115)	(114)	(343)	(1,190)
Repayment of bank borrowings	(43)	(38)	(125)	(740)
Net cash from/(used in) financing activities	1,130	1,067	593	(901)
Net increase/(decrease) in cash and cash equivalents	527	629	(1,415)	(425)
Cash and cash equivalents at beginning of the period	6,272	2,091	8,204	3,142
Net effects of exchange rate changes on cash and cash equivalents	27	1	37	4
Cash and cash equivalents at end of the period (Note A)	6,826	2,721	6,826	2,721

Unaudited Financial Statement and Dividend Announcement for the financial period ended 31 March 2015
1(c)(ii) Notes to Consolidated Statement of Cash Flows
Note A:

For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	9 months ended 31 Mar 2015	9 months ended 31 Mar 2014
	\$'000	\$'000
Cash at bank and on hand	6,826	2,721
Short-term bank deposits	61	61
Cash and bank balances per Group statement of financial position	<u>6,887</u>	<u>2,782</u>
Less: Deposits placed with banks as security	(61)	(61)
Cash and cash equivalents per consolidated statement of cash flows	<u><u>6,826</u></u>	<u><u>2,721</u></u>

Note B:

On 6 September 2013, the Company announced the disposal of its wholly-owned subsidiary, Hinterland Property Development Pte Ltd ("HPD"), at a consideration of \$1 in cash. The effect of disposal of HPD is set out below:

	\$'000
Property, plant and equipment	1
Cash at bank *	-
Other receivables	29
Trade and other payables	(751)
Provisions for other liabilities and charges	<u>(270)</u>
Net identifiable liabilities	(991)
Realisation of foreign currency translation differences	<u>165</u>
Gain on disposal	<u><u>(826)</u></u>

* The net cash outflow on cash disposed was less than one hundred dollar.

Note C:

Prepaid capital contributions were related to irrevocable undertakings given by two shareholders, namely Chng Weng Wah and Starbids Venture Inc. ("Undertaking Shareholders") on 17 February 2014 to subscribe for their entitlements of total 195,054,826 rights shares at an issue price of \$0.007 per rights shares, pursuant to the rights issue announced on 17 February 2014. The Undertaking Shareholders had made advance payment for their respective subscription sums of aggregate \$1,365,000 to the Company in March 2014.

Unaudited Financial Statement and Dividend Announcement for the financial period ended 31 March 2015

1(d)(i) A statement (for the issuer and group) showing either (a) all changes in equity or (b) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity

Group

	<u>Share capital</u>	Foreign currency translation <u>reserve</u>	Share option <u>reserve</u>	Other capital <u>reserves</u>	Accumulated <u>losses</u>	Total attributable to owners of the Company	Non-controlling <u>interests</u>	Total equity
FY 2015	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2014	153,074	(228)	21	895	(115,147)	38,615	(8,856)	29,759
Total comprehensive income								
- Loss for the period	-	-	-	-	(5,033)	(5,033)	(226)	(5,259)
Other comprehensive income for the period								
- Foreign currency translation differences from foreign subsidiaries	-	640	-	-	-	640	83	723
Total comprehensive income for the financial period	-	640	-	-	(5,033)	(4,393)	(143)	(4,536)
Issue of shares	1,400	-	-	-	-	1,400	-	1,400
Balance as at 31 March 2015	154,474	412	21	895	(120,180)	35,622	(8,999)	26,623
FY 2014								
Balance as at 1 July 2013	146,418	53	135	300	(111,966)	34,940	(8,827)	26,113
Total comprehensive income								
- Loss for the period	-	-	-	-	(1,622)	(1,622)	252	(1,370)
Other comprehensive income for the period								
- Foreign currency translation differences from foreign subsidiaries	-	82	-	-	-	82	(20)	62
Total comprehensive income for the financial period	-	82	-	-	(1,622)	(1,540)	232	(1,308)
Prepaid capital contribution ^(Note A)	-	-	-	1,365	-	1,365	-	1,365
Disposal of subsidiaries	-	-	-	595	(595)	-	-	-
Balance as at 31 March 2014	146,418	135	135	2,260	(114,183)	34,765	(8,595)	26,170

Unaudited Financial Statement and Dividend Announcement for the financial period ended 31 March 2015
Company

	<u>Share capital</u>	Share option <u>reserve</u>	Other capital <u>reserves</u>	Accumulated <u>losses</u>	Total equity
<u>FY 2015</u>	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2014	153,074	21	159	(107,211)	46,043
Total comprehensive income for the financial period	-	-	-	(1,149)	(1,149)
Issue of shares	1,400	-	-	-	1,400
Balance as at 31 March 2015	154,474	21	159	(108,360)	46,294
<u>FY 2014</u>					
Balance as at 1 July 2013	146,418	94	160	(104,096)	42,576
Total comprehensive income for the financial period	-	-	-	755	755
Prepaid capital contribution ^(Note A)	-	-	1,365	-	1,365
Balance as at 31 March 2014	146,418	94	1,525	(103,341)	44,696

Note A: Prepaid capital contributions were related to irrevocable undertakings given by two shareholders, namely Chng Weng Wah and Starbids Venture Inc. ("Undertaking Shareholders") on 17 February 2014 to subscribe for their entitlements of total 195,054,826 rights shares at an issue price of \$0.007 per rights shares, pursuant to the rights issue announced on 17 February 2014. The Undertaking Shareholders had made advance payment for their respective subscription sums of aggregate \$1,365,000 to the Company in March 2014.

Unaudited Financial Statement and Dividend Announcement for the financial period ended 31 March 2015

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issue, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

A) Changes in share capital during the financial period

	<u>Q3 FY2015</u>	<u>Q3 FY2014</u>
As at 1 January	4,913,729,645	3,930,983,716
Issue of new shares	200,000,000	-
As at 31 March	<u>5,113,729,645</u>	<u>3,930,983,716</u>

On 13 March 2015, the Company issued an aggregate of 200,000,000 new shares at S\$0.007 per share in the issued and paid-up capital of the Company pursuant to Private Placements.

The issued share capital of the Company as at 31 March 2015 comprises 5,113,729,645 (30 June 2014: 4,913,729,645; 31 March 2014: 3,930,983,716) ordinary shares.

B) Share options - Equation Executives' Share Option Scheme ("ESOS")

	<u>Q3 FY2015</u>	<u>Q3 FY2014</u>
As at 1 January	550,000	600,000
Share options granted	10,000,000	-
As at 31 March	<u>10,550,000</u>	<u>600,000</u>

On 8 January 2015, the Company granted an aggregate of 10,000,000 share options at \$0.006 per share pursuant to the ESOS.

As at 31 March 2015, share options granted pursuant to the ESOS for the subscription of 10,550,000 (30 June 2014: 550,000; 31 March 2014: 600,000) ordinary shares in the share capital of the Company were outstanding. 50,000 ordinary shares of the share options were forfeited during the financial year ended 30 June 2014.

Save for the above, there are no unissued shares of the Company under option as at the end of the financial period.

C) Treasury shares

No treasury shares were held by the Company as at 31 March 2015, 30 June 2014 and 31 March 2014.

D) Convertible loans

The convertible loans are convertible at the lenders option into 444,602,525 (30 June 2014: 444,602,525; 31 March 2014: 413,315,855) ordinary shares of the Company (refer 1(b)(ii)).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	<u>31 March 2015</u>	<u>30 June 2014</u>
Total number of ordinary issued shares excluding treasury shares	<u>5,113,729,645</u>	<u>4,913,729,645</u>

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Company does not have any treasury shares.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by our auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

The figures have not been audited or reviewed by our auditors.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed under paragraph 5 below, the Group has applied the same accounting policies and methods of computation for the current financial period compared with the audited financial statements for the financial year ended 30 June 2014.

Unaudited Financial Statement and Dividend Announcement for the financial period ended 31 March 2015

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the new/revised FRSs and Interpretations of FRSs ("INT FRSs") that are effective for accounting period beginning on or before 1 July 2014. The adoption of these new/revised FRSs and INT FRSs did not result in any material change to the Group's accounting policies or any significant impact on the financial statements.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Earning per share

(a) Basic earnings per share (cents per share)

- Weighted average number of ordinary shares in issue for basic earnings per share

(b) Diluted earnings per share (cents per share)

- Adjusted weighted average number of ordinary shares in issue for diluted earnings per share

Group			
3rd Qtr ended 31 Mar 2015	3rd Qtr ended 31 Mar 2014	9 months ended 31 Mar 2015	9 months ended 31 Mar 2014
(0.04)	(0.03)	(0.10)	(0.04)
5,113,729,645	3,930,983,716	5,113,729,645	3,930,983,716
(0.04)	(0.03)	(0.10)	(0.04)
5,113,729,645	3,930,983,716	5,113,729,645	3,930,983,716

For the purpose of calculation of the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive share options, with the potential ordinary shares weighted for the period outstanding. As the effect is anti-dilutive, the diluted earnings per share is the same as the basic earnings per share.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
(a) current financial period reported on; and (b) immediately preceding financial year.

Net asset value per ordinary share attributable to owners of the
 Company and non-controlling interests based on issued share capital (cents)

Group		Company	
As at 31 Mar 2015	As at 30 Jun 2014	As at 31 Mar 2015	As at 30 Jun 2014
0.52	0.61	0.91	0.94

The net asset value per ordinary share attributable to owners of the Company and non-controlling interests is computed based on 5,113,729,645 (30 June 2014: 4,913,729,645) ordinary shares.

Unaudited Financial Statement and Dividend Announcement for the financial period ended 31 March 2015

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

(A) Income Statement (Third Quarter Ended 31 March 2015 ("Q3 FY2015") versus Third Quarter Ended 31 March 2014 ("Q3 FY2014") and 9 Months Ended 31 March 2015 ("9M FY2015") versus 9 Months Ended 31 March 2014 ("9M FY2014"))

i) Revenue

The Group's revenue decreased by \$1.1 million (36.0%) from \$3.0 million in Q3 FY2014 to \$1.9 million in Q3 FY2015 ("QoQ"). This was mainly due to decrease in sales in Consumer electronic products segment (\$0.9 million). Lower sales reported for Consumer electronic products segment was mainly due to weak consumer sentiment in Europe in Q3 FY2015 (\$1.6 million).

On a year-to-date ("YoY") comparison, the Group's revenue decreased by \$4.9 million (43.4%) from \$11.3 million (9M FY2014) to \$6.4 million (9M FY2015). This was mainly due to decrease in sales in the Consumer electronic products segment (\$3.3 million), Supply of construction materials (\$1.6 million), Technology segment (\$0.1 million); partially mitigated by the increase in sales in Energy management services segment (\$0.1 million). The decrease in sales in Consumer electronic products was mainly due to weak consumer sentiment in Europe (\$3.0 million) as mentioned above. The decrease in sales in Supply of construction materials segment was due to one-off cash income (\$1.6 million) in relation to sand business which was non-recurring and took place in Q1 FY2014, while the decrease in sales in Technology segment was mainly due to lower customers' order in 9M FY2015. The increase in sales in Energy management services segment was mainly due to higher revenue generated from consultancy services. The breakdown of revenue is represented in Table A below:

Table A

	3rd Qtr ended 31 Mar 2015 \$'000	% to total revenue	3rd Qtr ended 31 Mar 2014 \$'000	% to total revenue	9 months ended 31 Mar 2015 \$'000	% to total revenue	9 months ended 31 Mar 2014 \$'000	% to total revenue
Consumer electronic products	1,556	81.9%	2,455	82.6%	5,517	86.0%	8,845	78.1%
Supply of construction materials	-	N.M.	-	N.M.	-	N.M.	1,553	13.7%
E-waste/Recycling	132	6.9%	168	5.7%	414	6.5%	386	3.4%
Energy management services	203	10.7%	255	8.6%	469	7.3%	363	3.2%
Technology	10	0.5%	93	3.1%	13	0.2%	178	1.6%
	1,901	100.0%	2,971	100.0%	6,413	100.0%	11,325	100.0%

N.M. - not meaningful.

ii) Cost of sales and gross profits

Cost of sales ("COGS") decreased by \$0.8 million from \$2.2 million in Q3 FY2014 to \$1.4 million in Q3 FY2015. The decrease was mainly due to lower sales which resulted in lower COGS recorded in the Consumer electronic products segment (\$1.0 million).

COGS for 9M FY2015 (\$4.4 million) decreased by \$2.4 million as compared to 9M FY2014 (\$6.8 million). This was mainly due to lower COGS recorded in Consumer electronic products segment (\$2.5 million); offset by higher COGS recorded in Energy management services segment (\$0.1 million). Lower COGS in Consumer electronic products segment, which was mainly due to lower products sold during the financial period as mentioned above. For Energy management services segments, the higher COGS was due to higher revenue in this financial period as mentioned above.

The Group reported a slight increase in gross profit margin ("GP%") from 27.4% in Q3 FY2014 to 27.9% in Q3 FY2015.

On YoY basis, GP% decreased by 8.3% from 40.1% (9M FY2014) to 31.8% (9M FY2015). The higher GP% recorded for 9M FY2014 was mainly due to one-off cash income (\$1.6 million) received from sand business (as mentioned in revenue section above). Without this one-off cash income, the GP% for 9M FY2014 should have been 30.6% (adjusted). The slight increase in the adjusted GP% (YoY) was mainly contributed by the E-waste/Recycling segment due to lower unit costs and higher GP during the financial period.

Due to the reasons explained above, the Group recorded a lower gross profit of \$0.5 million in Q3 FY2015 and \$2.0 million in 9M FY2015.

Unaudited Financial Statement and Dividend Announcement for the financial period ended 31 March 2015**iii) Other income**

Other income decreased by \$0.3 million from \$0.9 million in Q3 FY2014 to \$0.6 million in Q3 FY2015. This was mainly due lower interest income of S\$0.1 million and decrease in others income of S\$0.2 million during the period.

On YoY basis, other income decreased by \$1.5 million for 9M FY2015 as compared to 9M FY2014. This was mainly due to (i) \$0.8 million one-off gain on disposal of a subsidiary, Hinterland Property Development Pte Ltd ("HPD"); (ii) productivity and innovative credit ("PIC") incentive of \$0.2 million; (iii) gain on disposal of assets classified as held for sale of \$0.1 million; (iv) trade payables written off of \$0.1 million; and (v) lower interest income of S\$0.3 million. These transactions took place in 9M FY2014.

The Group's revenue of Q3 FY2014 and 9M FY2014 amounted to \$87,000 and \$361,000 respectively, were reclassified from Revenue to Other Income to conform to the current period's presentation and to better reflect the nature of the transactions. The reclassifications had no impact on profit for the period as well as equity.

iv) Distribution expenses

Distribution expenses decreased by \$0.5 million from \$0.9 million in Q3 FY2014 to \$0.4 million in Q3 FY2015. This was mainly due to (i) reclassification of provision for warranty expenses of \$0.3 million to other expenses; and (ii) lower sales related expenses of \$0.2 million as a result of lower sales in Consumer electronic products segment.

On YoY basis, distribution expenses decreased by \$1.0 million for 9M FY2015 as compared to 9M FY2014. This was mainly due to lower staff costs of \$0.3 million which was mainly attributable to internal restructuring in the Group. Consumer electronic products segment reported (i) lower sales commission of \$0.1 million; (ii) reclassification of provision for warranty expenses of \$0.4 million to other expenses; and (iii) lower sales related expenses of \$0.3 million as a result of lower sales in 9M FY2015.

v) Administrative expenses

Administrative expenses increased by \$0.1 million from \$1.8 million in Q3 FY2014 to \$1.9 million in Q3 FY2015. This was mainly attributable to lower staff costs of \$0.1 million and lower depreciation & amortisation of \$0.1 million; partially offset by foreign exchange movement of \$0.3 million.

On YoY basis, administrative expenses in 9M FY2015 remained fairly the same as compared to 9M FY2014. This was mainly attributable to (i) lower staff costs (\$0.3 million); (ii) lower professional fees of \$0.3 million; (iii) lower depreciation & amortisation of \$0.1 million; and (iv) other miscellaneous administrative expenses of \$0.1 million; partially offset by foreign currency movement of \$0.8 million.

vi) Other expenses

Other expenses increased by \$0.3 million in QoQ and YoY comparison. This was mainly due to reclassification of provision for warranty expenses of S\$0.3 million during the financial period.

vii) Finance costs

Finance costs remained fairly the same in QoQ and YoY comparison.

Due to the reasons above, the Group recorded a net loss of \$2.0 million in Q3 FY2015 and \$5.3 million in 9M FY2015.

(B) Statements of Financial Position

Total assets of the Group decreased by \$2.2 million from \$50.2 million as at 30 June 2014 to \$48.0 million as at 31 March 2015, and are mainly due to the following:

i) Property, plant and equipment decreased by \$0.1 million, and was mainly due to depreciation charge for the period.

ii) Intangible assets pertaining to the core technology and development costs of Disa Anti-Theft system decreased by an amortisation charge of \$1.1 million from \$16.2 million as at 30 June 2014 to \$15.1 million as at 31 March 2015.

iii) Joint ventures decreased by \$0.2 million from \$0.2 million as at 30 June 2014 to \$Nil as at 31 March 2015. This was mainly due to increase investment in joint ventures of \$0.2 million which was partially offset by S\$0.4 from the share of results of joint ventures and disposal of a joint venture during the financial period.

iv) Other non-current assets were mainly made up of (i) prepayment for the rights, interest in and ownership of granite in Indonesia; (ii) prepayment for the rights on use of plant and machinery; and (iii) long-term loans to third parties. Other non-current assets decreased by \$0.3 million from \$11.7 million as at 30 June 2014 to \$11.4 million as at 31 March 2015 and this was mainly due to (i) partial reclassification of loan to a third party of \$0.2 million from non-current assets into current assets; and (ii) utilisation of prepayment for rights on use of plant and machinery of \$0.1 million for the financial period.

Unaudited Financial Statement and Dividend Announcement for the financial period ended 31 March 2015

- v) Inventories increased by \$1.1 million, mainly due to higher inventories on hand in the Consumer electronic products segment as a result of lower sales during the financial period.
- vi) Total trade and other receivables decreased by \$0.4 million from \$8.2 million as at 30 June 2014 to \$7.8 million as at 31 March 2015. This was mainly due to collection of debts from customers and lower sales during the financial period.
- vii) Other current assets increased by \$0.1 million from \$2.0 million as at 30 June 2014 to \$2.1 million as at 31 March 2015. This was mainly due to increase in other recoverables of \$0.1 million and increase in prepayments of \$0.1 million; partially offset by repayment of tax to a foreign tax authority of \$0.1 million.
- viii) Decrease in cash and cash equivalents of \$1.4 million (Refer to explanation in "8(C) Cash flow" below).

Total liabilities of the Group increased by \$0.9 million from \$20.4 million as at 30 June 2014 to \$21.3 million as at 31 March 2015, and were mainly due to the following:

- i) Total accruals increased by \$0.2 million from \$2.9 million as at 30 June 2014 to \$3.1 million as at 31 March 2015. This was mainly due to (i) increase in accrued interests of \$0.3 million on convertible loan; and (ii) accrued staff costs of \$0.2 million for the financial period. This was partially offset by decrease in accrued operating expenses of S\$0.3 million.
- ii) Total financial liabilities decreased by \$0.4 million from \$8.7 million as at 30 June 2014 to \$8.3 million as at 31 March 2015 and this was mainly due to repayments of loan to a third party of \$0.4 million during the financial period.
- iii) Deferred tax liabilities decreased by \$0.1 million during the period and this was mainly due to amortisation charge for the financial period.
- iv) Trade and other payables increased by \$1.2 million from \$5.4 million as at 30 June 2014 to \$6.6 million as at 31 March 2015. This was mainly due to increase in trade payables of \$1.4 million in the Consumer electronic products segment which was in line with higher stock purchase during the financial period. This was partially offset by repayment to advance from a director of \$0.2 million.

(C) Cash Flows

Cash and cash equivalents (net of overdraft and deposits placed with a bank as security) (refer to 1(C)(ii)) decreased by approximately \$1.4 million from \$8.3 million as at 30 June 2014 to \$6.9 million as at 31 March 2015, mainly due to funds generated/utilised as follows:

- i) Proceeds from disposal of a joint venture of \$0.2 million;
- ii) Interest received of \$0.1 million;
- iii) Net proceeds from share issuance of \$1.4 million; offset against;
- iv) Cash used in operating activities (net of non-cash items) of \$2.1 million;
- v) Interest paid of \$0.3 million;
- vi) Investment in joint ventures of \$0.2 million;
- vii) Repayment of loan to a third party of \$0.4 million; and
- viii) Repayment of bank borrowings of \$0.1 million.

Unaudited Financial Statement and Dividend Announcement for the financial period ended 31 March 2015
(D) Use of Proceeds

On 17 February 2014, the Company announced a renounceable, partially underwritten, rights issue ("Rights Issue") of up to 1,168,888,259 new ordinary shares in the capital of the Company ("Rights Shares") at an issue price of \$0.007 for each Rights Share, on the basis of one (1) Rights Share for every four (4) existing ordinary shares held by entitled shareholders. Net proceeds of \$6.7 million was raised. The Company had utilised \$4.6 million for investment and working capital purposes as at 31 March 2015.

On 13 March 2015, the Company issued an aggregate of 200,000,000 new shares at S\$0.007 per share in the issued and paid-up capital of the Company pursuant to a Subscription Agreement entered between the Company and the Subscriber ("Private Placements"). Net proceeds of \$1.4 million was raised. No proceeds were being utilised for investment or working capital purposes as at 31 March 2015.

	<u>As at 31 March 2015</u>	
	Feb-14	Mar-15
	Rights Issue	Private Placements
	\$'000	\$'000
Net proceeds raised	6,656	1,400
Less utilisation:		
- Investment	(480)	-
- Working capital expenditures	(4,100)	-
Balance of proceeds	2,076	1,400

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement was disclosed to shareholders previously.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Further to the Company's announcement on the trial deployment of ListenIN, a revolutionary audio technology at Gardens by the Bay, its wholly-owned subsidiary, DiSa Digital Safety Pte Ltd ("DiSa") had inked a deal with China Tobacco Anhui Industrial Corporation ("Anhui"), a cigarette manufacturer based in Hefei, People's Republic of China ("PRC"), through its China subsidiary, 深圳迅检文化传播有限公司. The contract is for the provision of DiSa's patented anti-counterfeiting solution, QuickCheck, which uses revolutionary digital authentication technology to detect counterfeit cigarettes, a widespread problem in the PRC. The QuickCheck solution can be used for many industries.

The collaboration with the Chinese firm is a platform for the Group to penetrate further into the vast Chinese market.

11. Dividend
(a) Current financial period reported on.

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding period of the immediately preceding financial year.

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been recommended for the financial period ended 31 March 2015.

Unaudited Financial Statement and Dividend Announcement for the financial period ended 31 March 2015

13. **If the group has obtained a general mandate from shareholder for interested person transactions ("IPT"), the aggregate value of such transactions are required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained a statement to that effect.**

The Company has no general IPT mandate and no IPT transactions for the period under review.

BY ORDER OF THE BOARD

CHNG WENG WAH
Executive Director/Chief Executive Officer

12 May 2015

NEGATIVE ASSURANCE CONFIRMATION PURSUANT TO RULE 705(5) OF THE SGX-ST LISTING MANUAL SECTION B: RULES OF CATALIST

We, Chng Weng Wah and Lau Kay Heng, being two directors of Equation Summit Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the quarter ended 31 March 2015 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors

CHNG WENG WAH
Executive Director/Chief Executive Officer

12 May 2015

LAU KAY HENG
Non-Executive and Independent Director